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November 2, 2007

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**PUBLIC SERVICE  
COMMISSION**

**HAND DELIVERED**

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

**RE: The Joint Application of Louisville Gas and Electric Company and Kentucky  
Utilities Company Demand-Side Management for the Review, Modification, and  
Continuation of Energy Efficiency Programs and DSM Cost Recovery  
Mechanisms**  
**Case No. 2007-00319**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Joint Motions for Leave to Amend Application and to Modify Procedural Schedule in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

W. Duncan Crosby III

WDC:ec  
Enclosures  
cc: Parties of Record

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**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

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PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

**THE JOINT APPLICATION OF LOUISVILLE )**  
**GAS AND ELECTRIC COMPANY AND )**  
**KENTUCKY UTILITIES COMPANY DEMAND- )**  
**SIDE MANAGEMENT FOR THE REVIEW, )** **CASE NO. 2007-00319**  
**MODIFICATION, AND CONTINUATION OF )**  
**ENERGY EFFICIENCY PROGRAMS AND DSM )**  
**COST RECOVERY MECHANISMS )**

**JOINT MOTIONS OF LOUISVILLE GAS AND ELECTRIC COMPANY AND  
KENTUCKY UTILITIES COMPANY FOR LEAVE TO AMEND APPLICATION AND  
TO MODIFY PROCEDURAL SCHEDULE**

Louisville Gas and Electric Company and Kentucky Utilities Company (collectively “Companies”), by counsel, hereby move the Commission for leave to amend their Application by substituting the attached pages for those to which they correspond in the Companies’ Energy Efficiency 2008-2014 Program Plan (“Program Plan”). The Program Plan, as the Companies filed it on July 19, 2007, contained several tables of energy and capacity savings data. After reviewing the interveners’ comments in this proceeding, as well as discussing the comments with one intervener, it became clear that certain of the data tables had led to some confusion and should be clarified, and that one contained a typographical error. The Companies therefore submit the attached pages, which contain clarifications and corrections to the data tables at issue, to be substituted for their corresponding pages in the Program Plan.

Because the clarified and corrected Program Plan data tables may cause the interveners to make different judgments about some or all of the Companies’ proposed Demand-Side Management programs, the Companies further move the Commission to modify the procedural schedule to allow the interveners in this proceeding to revise their previously filed comments to

address the clarified Program Plan data tables, as well as to allow the Companies to respond to the interveners' comments.

The three interveners that filed comments in this proceeding, the Attorney General of Kentucky (Office of Rate Intervention), the Kentucky Association for Community Action, Inc., and the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. have authorized the Companies to state that they have no objection to these Motions.

**WHEREFORE** Louisville Gas and Electric Company and Kentucky Utilities Company respectfully move the Commission to grant the Companies leave to amend their Application by substituting the attached pages for those to which they correspond in the Companies' Energy Efficiency 2008-2014 Program Plan. The Companies further respectfully move the Commission to modify the procedural schedule of this proceeding as follows:

- Interveners desiring to file revised comments to address LG&E and KU's clarified and corrected data tables shall do so no later than ... 11/16/07
- LG&E and KU may file responsive comments no later than ..... 11/30/07
- Any party desiring a hearing shall file with the Commission and serve on all parties its request no later than..... 12/7/07

Dated: November 2, 2007

Respectfully submitted,



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Counsel for Louisville Gas and Electric  
Company and Kentucky Utilities Company

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Joint Motions was sent to the following attorneys of record by U.S. mail, postage prepaid, on this 2nd day of November, 2007.

Dennis Howard II  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

Joe F Childers  
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Cincinnati, OH 45202



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Counsel for Louisville Gas and Electric  
Company and Kentucky Utilities Company

## ES.8 Energy and Demand Reductions

*Projected Annual Savings for all the Energy Efficiency Programs								
	2008	2009	2010	2011	2012	2013	2014	Total**
MWh	125,621	248,466	368,816	484,966	598,093	707,193	813,058	3,346,213
MW	47	95	142	186	229	267	303	303
MCF	490	978	1,482	1,939	2,406	2,818	3,209	13,322

\* Energy impacts represent cumulative savings from initiatives beginning in 2008

\*\* Added total column (November 2, 2007)

## ES.9 Program Budget

The following budget projections give an overview of the proposed budget by expense type, by program, and by rate class.

### E.S.9.1 Annual Budget – Expense Type

	2008	2009	2010	2011	2012	2013	2014
Direct Program Labor	\$1,712,261	\$1,764,500	\$1,813,035	\$1,731,019	\$1,782,492	\$1,835,501	\$1,890,091
Office Supplies & Expenses	\$46,527	\$49,678	\$55,589	\$57,480	\$60,136	\$63,075	\$66,337
Data Processing	\$538,800	\$363,558	\$367,894	\$340,067	\$334,578	\$339,180	\$343,874
Advertising	\$5,246,966	\$5,350,505	\$5,652,040	\$5,753,809	\$6,047,814	\$6,180,510	\$6,429,959
Equipment	\$4,078,818	\$3,700,522	\$3,783,283	\$3,126,825	\$3,182,479	\$2,468,863	\$2,118,262
Outside Services	\$7,044,982	\$7,086,638	\$7,511,264	\$7,406,138	\$7,701,937	\$7,433,551	\$7,395,034
Rebates & Incentives	\$5,646,879	\$5,817,225	\$6,076,776	\$6,189,977	\$6,316,259	\$6,417,156	\$6,513,212
Program Education Expenses	\$299,483	\$237,236	\$214,037	\$240,226	\$223,693	\$229,019	\$234,429
Market Research	\$205,125	\$132,853	\$155,710	\$137,412	\$160,978	\$142,155	\$166,453
New Program R&D	\$250,000	\$256,250	\$261,375	\$266,603	\$271,935	\$277,373	\$282,921
Program Evaluation	\$851,468	\$695,594	\$740,302	\$777,515	\$657,513	\$666,557	\$790,339
Customer Fees	(\$64,750)	(\$110,500)	(\$140,000)	(\$164,000)	(\$175,000)	(\$175,000)	(\$175,000)
<b>Total Plan</b>	<b>\$25,856,558</b>	<b>\$25,344,059</b>	<b>\$26,491,306</b>	<b>\$25,863,068</b>	<b>\$26,564,816</b>	<b>\$25,877,939</b>	<b>\$26,055,910</b>

## 1.3 Program Goals

### 1.3.1 Participation Goals

Customer participation in Residential Conservation Program is assumed to be 50% LG&E and 50% KU. The projected objectives for participation are as follows:

**Residential Conservation - Annual Participation**

	<b>Online</b>	<b>Onsite</b>	<b>Online</b>	<b>Onsite</b>
<b>Year</b>	<b>LG&amp;E</b>	<b>LG&amp;E</b>	<b>KU</b>	<b>KU</b>
<b>2008</b>	<b>1,500</b>	<b>400</b>	<b>1,500</b>	<b>400</b>
<b>2009</b>	<b>2,500</b>	<b>400</b>	<b>2,500</b>	<b>400</b>
<b>2010</b>	<b>3,000</b>	<b>400</b>	<b>3,000</b>	<b>400</b>
<b>2011</b>	<b>3,000</b>	<b>400</b>	<b>3,000</b>	<b>400</b>
<b>2012</b>	<b>3,000</b>	<b>400</b>	<b>3,000</b>	<b>400</b>
<b>2013</b>	<b>3,000</b>	<b>400</b>	<b>3,000</b>	<b>400</b>
<b>2014</b>	<b>3,000</b>	<b>400</b>	<b>3,000</b>	<b>400</b>

### 1.3.2 Energy Impacts

**Projected Annual Savings for the Residential Conservation Program**

	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	1,495	3,491	5,738	7,984	10,231	12,478	14,725	56,142
Kw	614	1,436	2,363	3,290	4,216	5,143	6,070	6,070
CCF	118,454	214,245	315,587	416,929	518,271	619,613	720,955	2,924,054

\* Added total column (November 2, 2007)

## 1.4 Incentives

There are no direct incentives paid to customers through this program. Customers receive an online energy audit at no charge or a high quality onsite audit for only \$25.00. Customers participating in online and onsite audits may receive CFL's. Customers participating in onsite audits may also receive programmable thermostats, air sealing services, energy-saving showerheads, water heater wraps, and faucet aerators.

### 2.3.2 Energy Impacts - Residential

	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	4,802	9,605	14,407	18,142	21,877	24,545	26,679	120,057
MW	20	39.9	59.9	75.4	90.9	102	110.9	110.9
CCF	284,000	576,000	851,000	1,071,000	1,292,000	1,449,000	1,575,000	7,098,000

\* Added total column (November 2, 2007)

### 2.3.3 Energy Impacts - Commercial

	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	213	427	640	854	1,040	1,201	1,334	5,709
MW	1.2	2.3	3.5	4.7	5.7	6.5	7.3	7.3
CCF	13,000	25,000	38,000	50,000	61,000	71,000	79,000	337,000

\* Added total column (November 2, 2007)

## 2.4 Incentives

All residential electric customers and commercial customers of LG&E or KU with qualifying central air conditioning equipment will be eligible to participate. In conjunction with a central air conditioning system, customers with electric water heaters or pool pumps will also be eligible. In some areas, paging communications are not reliably available and the program is not offered to those customers.

Switch Option - A residential customer with central air conditioning will receive \$20 per year for each air conditioning unit participating in the switch option. Commercial customers receive \$20 for units up to 5 tons and a larger amount for larger units. Those air conditioning customers with a qualifying water heater or pool pump will receive an additional \$8 per year, per unit to participate.

Programmable Thermostat Option - Customers choosing the programmable load control thermostat option will not receive an annual credit for air conditioning units controlled, but will receive \$8 per year for eligible electric water heaters and pool pumps.

Multi-family Option – Multi-family units are eligible. We have had great success in working with property owners and managers to enroll entire complexes. The incentive is reduced to \$16 per year for each air conditioner, and is split between the property owner and the tenant.

### 3.3.2 Energy Impacts

	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	2,297	4,593	6,890	9,187	11,484	13,780	16,077	64,308
KW	262	524	787	1,049	1,311	1,573	1,835	1,835
CCF	213,441	426,882	640,323	853,764	1,067,205	1,280,646	1,494,087	5,976,348

\* Added total column (November 2, 2007)

### 3.4 Incentives

There are no dollars given directly to the participants, but each participant is provided an audit, energy education, and home weatherization services at no cost. The level of service provided is based upon the participant's energy use tier:

Tier	Annual Energy Consumption	Allowable Measure Cost
A	Up to 1,299 ccf or up to 11,499 kWh	\$200
B	1,300 to 1,800 ccf or 11,500 to 16,000 kWh	\$750
C	Greater than Tier B	\$1,700

Weatherization services participants may be eligible to receive a wide variety of energy savings measures as per the Measure Input Assumptions and Savings Summary Matrix. Non-quantified benefits include arrearage reductions, reduced disconnections, and improved health and safety conditions. The ultimate benefit received by customers is a more affordable and comfortable home.

When possible, a consolidated service is provided by coordinating with the local Weatherization Assistance Program ("WAP") and/or other available funding sources, in the effort to serve the participant's home. This pooling of resources minimizes duplication of services and allows the home to receive additional improvements beyond that resourced in the WeCare Program. The service coordination with the local WAP funds will primarily benefit those participants who are in the lower tier of usage and who do not have a high level of expenditure available through the Low Income Weatherization Program.

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### 6.3.2 Energy Impacts

Annual Savings for the Residential Lighting Program								
	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	60,603	116,782	168,860	217,137	261,889	303,374	341,831	1,470,476
KW	4,092	7,886	11,403	14,663	17,684	20,486	23,083	23,083

\* Added total column (November 2, 2007)

### 6.4 Incentives

Customer incentives include \$1.00 per CFL discount for standard bulb replacements and \$2.00 per bulb per CFL flood. CFL sales will be closely monitored and the number of bulbs that may be purchased at a discount will be adjusted as necessary to ensure the program remains within budget. Any adjustments to the number of bulbs that may be purchased will be made at the beginning of a distribution cycle to ensure all customers have an equal purchase opportunity.

### 6.5 Implementation Plan

The Companies' plan to send coupon sheets with educational materials to customers via mail multiple times per year. The coupons may be taken to our retail partners to receive a per bulb discount on a specified number of Energy Star rated CFL bulbs. Our retail partners will award the discounts according to the terms of the coupon. Additionally, our retail partners will be asked to capture bar coded customer information along with the number and type of CFL's purchased and the dollar value of discounts awarded. Captured data will be provided to the Companies on a monthly basis and stored in a database. Data will be utilized as follows:

- Verify payments to the retail partners
- Program audits and evaluation
- Program modifications to increase effectiveness
- Future program planning

<b>Year</b>	<b>*Home Starts</b>
2008	151
2009	292
2010	586
2011	674
2012	775
2013	892
2014	1025
<b>Total</b>	<b>4,487</b>

\*Home starts are assumed to be distributed 50% to LG&E customers and 50% to KU customers.

### **7.3.2 Energy Impacts: Energy and Demand Reduction**

<b>Projected Annual Savings for the Residential New Construction Program</b>								
	2008	2009	2010	2011	2012	2013	2014	Total*
MWh	409	1,202	2,793	4,624	6,729	9,149	11,933	36,839
KW	100	383	891	1,475	2,146	2,919	3,807	3,807
CCF	14,087	41,351	96,111	159,085	231,505	314,788	410,564	1,267,491

\* Added total column (November 2, 2007)

### **7.4 Incentives**

Incentives from this program focus on infrastructure development to support the inspection and rating analysis of new homes and on the plan review and inspections required for Energy Star certification.

New home inspections are required under DOE Energy Star guidelines to be completed by HERS qualified raters, the number of which in Kentucky is insufficient to service program growth projections. Education requirements, equipment, HERS certification, and liability and errors and omissions insurance could prove cost prohibitive for potential new raters entering the market.

- To promote the entry of new raters into the market, the Companies will provide equipment purchase incentives to new raters who complete HERS training, pass the national exam, provide proof of insurance and purchase testing equipment.
- The Companies plan to sponsor educational seminars, training classes and reference materials for Raters and Builders as indicated in the education line of the budget. These services will be brought in and made available by the companies. They will not be paid as incentives.

## 8.3 Participation Goals

### 8.3.1 Participation

It is assumed that 65% of residential and 60% of small commercial customers that have a diagnosis performed will also have tune-ups performed.

**Residential HVAC Diagnostics and Tune-Up**

	<b>Diagnostics</b>	<b>Tune-Ups</b>	<b>Diagnostics</b>	<b>Tune-Ups</b>
<b>Year</b>	<b>LG&amp;E</b>	<b>LG&amp;E</b>	<b>KU</b>	<b>KU</b>
<b>2008</b>	<b>175</b>	<b>114</b>	<b>175</b>	<b>114</b>
<b>2009</b>	<b>400</b>	<b>260</b>	<b>400</b>	<b>260</b>
<b>2010</b>	<b>500</b>	<b>325</b>	<b>500</b>	<b>325</b>
<b>2011</b>	<b>600</b>	<b>390</b>	<b>600</b>	<b>390</b>
<b>2012</b>	<b>600</b>	<b>390</b>	<b>600</b>	<b>390</b>
<b>2013</b>	<b>600</b>	<b>390</b>	<b>600</b>	<b>390</b>
<b>2014</b>	<b>600</b>	<b>390</b>	<b>600</b>	<b>390</b>

**Commercial HVAC Diagnostics and Tune-Up**

	<b>Diagnostics</b>	<b>Tune-Ups</b>	<b>Diagnostics</b>	<b>Tune-Ups</b>
<b>Year</b>	<b>LG&amp;E</b>	<b>LG&amp;E</b>	<b>KU</b>	<b>KU</b>
<b>2008</b>	<b>100</b>	<b>60</b>	<b>100</b>	<b>60</b>
<b>2009</b>	<b>175</b>	<b>105</b>	<b>175</b>	<b>105</b>
<b>2010</b>	<b>250</b>	<b>150</b>	<b>250</b>	<b>150</b>
<b>2011</b>	<b>300</b>	<b>180</b>	<b>300</b>	<b>180</b>
<b>2012</b>	<b>350</b>	<b>210*</b>	<b>350</b>	<b>210*</b>
<b>2013</b>	<b>350</b>	<b>210*</b>	<b>350</b>	<b>210*</b>
<b>2014</b>	<b>350</b>	<b>210*</b>	<b>350</b>	<b>210*</b>

\* Figures revised – original table filed included a typographical error

### 8.3.2 Energy Impacts

Energy and demand savings of 15% are assumed. This assumption was derived from average savings estimates from seven field studies, which included thousands of units and resulted in 17% average savings.

#### Residential HVAC Diagnostics and Tune-Up

	2008	2009	2010	2011	2012	2013	2014	Total*
KW	130	426	797	1,241	1,686	2,130	2,575	2,575
MWH	286	939	1,755	2,734	3,714	4,693	5,672	19,793

#### Commercial HVAC Diagnostics and Tune-Up

	2008	2009	2010	2011	2012	2013	2014	Total*
KW	127	348	665	1,044	1,488	1,931	2,374	2,374
MWH	528	1,451	2,769	4,352	6,189	8,045	9,891	33,225

\* Added total column (November 2, 2007)

### 8.4 Incentives

There are no incentives paid directly to customers. Customers will be charged a discounted, fixed-fee for the diagnosis and if needed, a similar fee for implementation of corrective actions. The program will supplement the unpaid portion of diagnostic and tune-up costs.

### 8.5 Implementation Plan

A professional, licensed HVAC technician contracted by the Companies will use specialized diagnostic equipment to identify one or more of the most common problems, (i.e., restricted air flow in the evaporator or condenser coil, or an over charge or under charge of refrigerant). The technician will also inspect the unit for other issues that may affect performance.

The technician will provide the customer with a findings report. If any of the previously summarized problems are discovered, the customer will be eligible for a tune-up, and corrective action of the identified problem (for a discounted, fixed fee). Other service to the unit will be at the customer's expense. In order for the customer to receive the discounted corrections, a participating dealer in our Dealer Referral Network must be used. A minimum 10% of the tune ups performed will incur quality assurance inspections to assure corrective action is being performed properly and that resulting energy savings are being achieved.